

Peoples Health Network Compliance Program Description

POLICY AND PURPOSE

The Peoples Health Network (PHN) Compliance Program (Compliance Program) is designed to meet the requirements, as interpreted by the Centers for Medicare & Medicaid Services (CMS), described in Chapter 42 of the Code of Federal Regulations, Parts 422 and 423, collectively referred to as Part C and Part D of the Medicare Program. Each Medicare Advantage Organization (MAO) is required to implement an effective Compliance Program that meets the requirements set forth in 42 C.F.R. 422.503(b)(4)(vi) and 423.503(b)4(vi).

CMS Compliance Program requirements, at a minimum, include seven core elements as well as measures to prevent, detect and correct Fraud, Waste and Abuse (FWA). PHN has developed a separate FWA Program that supports the objectives of the Compliance Program. PHN is committed to establishing an organizational culture that promotes prevention, detection and resolution of conduct that does not conform to federal and state law, as well as PHN's own ethical standards and business policies. It is the ongoing commitment of the Compliance department to act as the key resource for and communicator of compliance issues through implementation of the Compliance Program.

The elements of the Compliance Program apply to all Medicare health plans offered by Peoples Health, Inc. In addition, the elements apply to all employees, inclusive of the governing body, and subcontractors (first tier, downstream or related entities (FDRs)). While all employees and FDRs must adhere to the Compliance Program, PHN expects the company's officers and management staff to lead by example.

Roles and Responsibilities of Individual Employees

Compliance is everybody's responsibility, not just the responsibility of the Compliance Officer and Compliance department staff. Promoting a culture of compliance is extremely important, and actions such as remaining silent or actions perceived to disregard compliance in promotion of operational issues are detrimental to that culture.

The Compliance department provides direction and support to employees in the area of compliance, but the responsibility to understand and follow the Standards of Conduct, policies and procedures, and the regulatory requirements that they embody is the individual responsibility of each employee. Each employee must internalize these standards and learn how to apply them to his or her daily activities and interactions with others in the work place.

Individuals have the duty to inquire if they do not understand how compliance standards apply to them, using various resources available at the departmental levels, including the individual's manager. Additionally, the Compliance department is a resource that should be used by all employees. However, the availability of these resources does not discharge or limit the employee's obligation to address compliance issues or to devote the resources needed to ensure compliance.

Roles and Responsibilities of Compliance Staff

The Compliance department's structure is designed to ensure there are adequate resources to implement the Compliance Program, including efforts to prevent, detect and correct FWA. The Compliance department is comprised of four critical areas:

- **Communications, Training and Education** – This area is responsible for ensuring that all CMS regulatory requirements and updates thereto are communicated in a timely manner to the appropriate operational departments and subcontractors where appropriate. Additionally, this area is responsible for policy and procedure management, clarifications and interpretations of regulatory guidance, and training and education.
- **Auditing and Monitoring** – This area is responsible for assessing PHN compliance with CMS regulatory guidance, PHN policies and procedures, and Part C and Part D reporting requirements through monitoring and auditing activities. Additionally, this area is responsible for managing corrective actions throughout the organization, including prompt responses to detected offenses and regular risk assessment.
- **Delegated Entity Oversight** – This area is responsible for the oversight of FDRs for all program elements. This is achieved either through communicating with the PHN contract owner (e.g., the Director of Pharmacy Operations is the contract owner for the Pharmacy Benefits Manager contract), as well as direct communication, monitoring and auditing.
- **Benefit Integrity** – This area is responsible for FWA efforts to prevent and detect potential issues. This area identifies, both proactively and retrospectively, potential issues, conducts and/or coordinates necessary investigations, and provides recommendations regarding the reporting of violations.

ELEMENTS OF THE PHN COMPLIANCE PROGRAM

The Compliance Program contains the following seven elements:

- Written Policies and Procedures, and Standards of Conduct
- Compliance Officer, Compliance Committee and High-Level Oversight
- Effective Training and Education

- Effective Lines of Communication
- Well-Publicized Disciplinary Standards
- Effective System for Routine Monitoring, Auditing and Identification of Compliance Risks
- Procedures and Systems for Prompt Responses to Compliance Issues

The seven elements have been designed and implemented to meet the unique structure, operations and circumstances of PHN and its Medicare Advantage Prescription Drug plans. PHN effectively implements the Compliance Program through the Compliance department staff. The following information details the seven elements and how PHN addresses each one.

Written Policies and Procedures, and Standards of Conduct

PHN has written Compliance policies and procedures, and Standards of Conduct, that clearly state PHN’s commitment to comply with all applicable federal and state statutory, regulatory and other requirements related to the Medicare program. PHN also maintains detailed Compliance policies and procedures that describe the operation of the Compliance Program. These procedures are written in easy-to-understand language and are easily assessable to any employee or FDR. The policies and procedures and Standards of Conduct describe PHN expectations of compliance and the implementation of the Compliance Program.

- **Standards of Conduct** – The PHN Standards of Conduct functions as a guiding force for PHN employees and subcontractors on how they should conduct themselves, both professionally and personally, to maintain a corporate culture of compliance. The Standards of Conduct also functions as a foundational document that details the fundamental framework of ethics for PHN’s operational activities while articulating compliance with all applicable federal and state statutes and regulations, with an emphasis on preventing FWA. The Standards of Conduct describes that compliance is everyone’s responsibility and PHN’s expectation that serious issues of non-compliance are reported, investigated and corrected. The Standards of Conduct is reviewed and approved by the full Board of Directors. This is necessary to ensure that compliance starts at the very top of the organization.
- PHN maintains compliance policies and procedures that address requirements and activities for the elements of the Compliance Program. These policies include:
 - Development and Maintenance of Risk Assessments
 - Compliance Oversight Committees
 - Compliance Training and Education Programs
 - Regulatory Inquiries
 - Compliance Monitoring
 - Compliance Auditing (Internal, External and Delegated Entity Oversight)
 - Investigations
 - Compliance Actions

- Coordination with Entities Designated to Support Health Oversight (e.g., National Benefit Integrity Medicare Drug Integrity Contractor (MEDIC))
- Disciplinary Guidelines
- Non-intimidation and Non-retaliation

All employees receive the Standards of Conduct at the time of hire, upon revision and annually thereafter, and certify that they have received, read and will comply with the standards. The Standards of Conduct and compliance policies are made available through several methods and are available to all employees 24 hours a day, 365 days a year. PHN uses a Web-based system to ensure that the Standards of Conduct and policies and procedures are reviewed and/or updated no less than annually.

In addition to compliance policies and procedures, PHN maintains operational policies and procedures to address requirements and activities in key areas defined by the Department of Health and Human Services Office of Inspector General (OIG) and CMS, including the following:

- Marketing and enrollment, to ensure marketing and enrollment are conducted in accordance with applicable federal and state laws, including state licensing laws and CMS policy.
- Disenrollment, to ensure that inappropriate disenrollments do not occur, especially due to any factor that is related to health status or the cost of services. Through the *Evidence of Coverage* and *Certificate of Coverage* documents, members are informed about the specific circumstances where the plan can initiate disenrollments and how members may access their appeal rights.
- Over- and under-utilization and quality of care, to ensure that all covered services are available and accessible to all members without interference with healthcare professionals' medical advice to members. This includes contracting with a sufficient number of physicians, pharmacies and other providers throughout the service area in order to offer members a choice and establishing appropriate timelines and guidelines for authorizing care.
- Data collection and submission processes, to ensure timely, accurate and complete submissions to CMS, MEDIC, and law enforcement or their designees, including information such as enrollment, encounter, pricing, plan bidding, and appeals and grievances data. This includes sample audits, quality checks and the certification of data as required. Special attention is paid to the accuracy of both the administrative component of the plan bid and the institutional status of members.
- Adherence to federal guidelines regarding the Anti-Kickback Statute, False Claims Act, Health Insurance Portability and Accountability Act, U.S. Food and Drug Administration, other applicable regulatory and subregulatory guidance, and contractual commitments as it applies to MAOs related to the offering of benefits under Part C and Part D of the Medicare program.

- Emergency services, to ensure coverage is provided for emergency services without regard to the emergency care provider's contractual relationship and that all guidelines relating to services provided when the member has been stabilized after an emergency care situation are met.
- Record retention, to ensure the accurate and consistent creation, distribution, retention, storage and retrieval of documents required by federal and state law, including but, not limited to, corrective actions imposed, statements, attestations or certifications related to conflicts of interest, training documents, complaints, audit results and documents related to self-disclosure of legal violations, for a period of no less than 10 years.
- FWA, to ensure all potential violations of federal and state criminal, civil, and administrative laws, rules and regulations are identified, investigated, and responded to in a timely manner, including possible referrals to the appropriate regulatory entities, including the (OIG), CMS, Department of Insurance (DOI), MEDIC, Department of Justice and law enforcement.
- Employment of and contracting with ineligible persons to ensure that all current employees, governing body members and contractors are:
 - Required to report any debarment or other event that makes them ineligible to perform work related directly or indirectly to federal healthcare programs
 - Reviewed against the OIG and General Services Administration (GSA) exclusion lists no less than annually and are subject to immediate removal
 - Potential employees and contractors are reviewed in the same manner prior to hire or contracting
- Pharmacy and Therapeutics (P&T) Committee, to ensure a commitment to legal P&T Committee decisions and formulary decisions, as well as the determination of clinical efficacy and the appropriateness of formulary drugs is preceded by and paramount to the cost of the drug.
- Compliance, to ensure that the organization implements and executes a Compliance Program that has processes and procedures to, in good faith, identify, investigate, communicate, correct and report potential compliance issues. Additionally, PHN maintains a non-retaliation policy. Additional information is provided in the element descriptions throughout this document.

Compliance Officer, Compliance Committees and High-Level Oversight

The Compliance Officer is responsible for the overall development, operation and monitoring of the Compliance Program. The Compliance Officer is an employee of PHN, is independent and free to raise compliance issues without fear of retaliation, and reports directly to the Senior Vice President of Audit and Compliance. This reporting relationship does not prohibit direct, unfiltered access to report information to the Chief Executive Officer (CEO) and the PHN Board of Directors' Compliance Committee or to seek advice from legal counsel. The Compliance Officer is responsible for the

implementation of the Compliance Program. The activities and results of the Compliance Program are reported to the Board of Directors through the following committee structure.

PHN has established two Compliance Committees through which the Compliance Officer, along with these Compliance Committees, directs implementation of Compliance Program projects. The committees meet regularly but no less than quarterly. The committees are as follows:

- The PHN Compliance Committee
- The PHN Board of Directors' Compliance Committee

The PHN Compliance Committee reports to the Board of Directors Compliance Committee and consists of the CEO and Senior Vice President of Audit and Compliance, as well as other Senior Management representing operational departments, such as Sales and Marketing, Pharmacy, Operations, Enrollment, Health Services, Network Development, Finance and Information Technology.

The Board of Directors as a whole is responsible for oversight of the Compliance Program and has, through the PHN Board of Directors' Compliance Committee charter, delegated that responsibility. The PHN Board of Directors' Compliance Committee consists of appointed members of the PHN Board of Directors and other members who are not members of the PHN Board of Directors. The members and the Chairman of the committee are selected by the Chairman of the PHN Board of Directors, at their discretion. The Board of Directors' Compliance Committee provides regular reports to the full board.

Senior Management is engaged in the Compliance Program and recognizes the importance of the Compliance Program in the organization's success. By ensuring the Compliance Officer and staff are integrated within their respective operational departments, Senior Management supports the credibility and authority needed for a robust and effective plan.

The Compliance Officer, working in conjunction with the Compliance Committees, is responsible for the following:

- Overseeing and monitoring the implementation of the Compliance Program and managing the Compliance department;
 - Being aware of daily business activity by interacting with operational units of the organization and FDRs
 - Conducting interviews, investigations and audits regarding compliance issues
 - Reviewing company contracts
 - Ensuring data submitted to CMS is accurate and compliant
 - Recommending policy, procedure and/or process changes

- Reporting on a regular basis, but not less than quarterly, to the Compliance Committees on all Medicare plans administered by PHN
 - Reports include the status of the Compliance Program implementation, the identification and resolution of suspected, detected or reported instances of noncompliance, and oversight and auditing activities
- Periodically reviewing and revising the Compliance Program
- Developing, coordinating and championing a multifaceted education and training program which includes compliance training and education, its written policies and procedures and Standards of Conduct for the PHN Board of Directors, employees and FDRs
- Auditing and monitoring activities
- Developing and implementing communication systems that encourage management and employees to report suspected compliance violations, including FWA, without fear of retaliation
 - Maintaining systems and documentation for each report of a suspected violation and its source (e.g., hotline, mail or in-person)
- Ensuring that all employees, governing body members and FDRs are screened against the appropriate exclusions lists, including the OIG and GSA lists
- Reporting issues of noncompliance, including potential FWA, to the appropriate regulatory body, including the MEDIC and/or CMS
- Cooperating with and coordinating investigations with the appropriate MEDIC and/or facilitating any documentation or procedural requests
 - May include collaborations with other sponsors, State Medicaid programs, Medicaid Fraud Control Units (MCFUs) and commercial payers, where appropriate, when an issue involves multiple parties
- Investigating and acting on matters related to compliance, including disciplinary and corrective actions, if necessary
- Continuing the momentum of the Compliance Program

Specific responsibilities of the Compliance Committee include:

- Providing oversight and direction to the PHN Compliance department
 - Supporting the need for sufficient resources
- Receiving and analyzing reports regarding the regulatory environment, legal requirements and specific risk areas related to PHN's operational processes
- Working with the appropriate departments and providers to develop and implement policies and procedures
 - Including compliance Policies and Procedures
- Determining appropriate strategies and approaches to promote compliance and detect potential violations
 - Assisting in compliance risk assessment and audit and monitoring workplans

- Developing a system to solicit, evaluate and respond to potential compliance issues
 - Ensure the systems apply to FDRs
- Assisting in the development of internal systems and controls
- Assisting in investigations and implementation of corrective actions
 - Developing innovative ways to implement corrective actions and preventive actions;
- Training and educating staff on compliance issues
 - Reviewing and approving compliance and FWA training
- Serving as the authority, as needed, to make determinations on any compliance issues raised, including warranted disciplinary actions

The Compliance Officer does not necessarily need to wait for approval by the committee(s) to implement needed compliance actions and activities, provided that, as appropriate, those activities are reported at the next scheduled meeting.

Effective Training and Education

PHN provides general compliance training through an online training system that monitors and tracks employee training. The online training system provides course content in both written and audio formats, and each course has an associated test which requires 80 percent proficiency as a passing score. General sessions on compliance are provided to all PHN employees, members of the governing body, the CEO and other members of senior management upon hire (within 90 days through the New Employee Orientation Program), when there are material changes in the regulations and annually thereafter.

- The New Employee Monthly Orientation Program contains a segment on compliance that addresses the Standards of Conduct and the role of the Compliance Program, including how to ask questions, how to report suspected violations, how investigations are conducted, how disciplinary actions are issued, and how issues are corrected and reported. There are also ad-hoc training sessions that highlight Compliance Program projects and regulatory changes. The Compliance department works with department heads to identify and address specific training needs of employees related to compliance issues and requirements specific to their department. Ad-hoc training is also documented and tracked.
 - All employees attest that they have read and understand the Standards of Conduct on an annual basis. Attestations are retained by the Human Resources department.

PHN, through its online training system, ensures that training courses that contain Medicare requirements specific to operations, such as Claims, Enrollment, Finance, Health Services, Member Services, Information Technology, Pharmacy, and Sales and Marketing, are available to all employees within those areas.

PHN uses several methods to train providers and sub-contractors. Provider manuals and quick guides (updated annually), on-site training, in-services and newsletters are used to communicate information and processes related to compliance activities, and this is an ongoing effort. PHN will invite, when appropriate, employees of its subcontractors, who have involvement in the administration or delivery of Part C or Part D benefits, to participate in PHN training. Additionally, relevant PHN employees may participate in training offered by subcontractors.

Effective Lines of Communication

Communications, both from and to the Compliance department, are a key aspect to the effectiveness of the Compliance Program. The Compliance department communicates CMS regulatory requirements and updates thereto, clarifications, and interpretations in a timely manner to the appropriate operational departments and FDRs.

- *Monitoring CMS Communications* – The Compliance department receives information from CMS and its contractors via several methods including the Health Plan Management System, CMS Program Transmittals and Program Memorandums.
 - The Compliance department also monitors changes to the Code of Federal Regulations, industry publications and communications from CMS contractors.
- *Clarifications and Interpretations* – PHN staff are encouraged to seek clarification from the Compliance department regarding compliance issues. PHN is committed to facilitating communication with employees, members, providers and FDRs regarding regulatory requirements, and policy and procedure updates. The Compliance department obtains and/or provides clarifications of regulations and CMS guidance.

PHN also has mechanisms and processes available for members, providers, employees (including members of the Board of Directors) and FDRs for the required reporting of potential compliance violations, including direct access to the Compliance department, a general Compliance email box and a hotline. Any employee who knowingly fails to report an actual or potential violation will be subject to disciplinary action, up to and including employment termination. A log is maintained of all matters reported, including the nature of any investigation and its results. All investigations are initiated within two weeks of receiving the complaint. PHN strives to maintain the confidentiality of individuals' identities, but Compliance policy explicitly communicates that there may be a point where the identity may become known or may have to be revealed.

- *Direct Reporting* – Potential violations can be reported either directly to management and/or the Compliance department.

- Employees are encouraged to initially report issues to the department Compliance staff and/or management. This may be the most effective way to identify and address a potential issue quickly.
- The Compliance Officer and/or Compliance department staff are directly accessible to all employees. Potential issues can be reported in person, or by email, telephone, interoffice mail or the U.S. Postal Service. Using these reporting mechanisms may not provide for anonymity; however, confidentiality is maintained.
- *Compliance Hotline* – To provide for anonymous reporting, PHN contracts with an outside vendor to maintain a 24-hour, toll-free hotline that utilizes a voicemail system for callers to leave messages regarding potential compliance issues, including FWA and privacy concerns. Calls will not be traced, although callers can leave their name and contact information for a follow-up call if they wish.
 - The Compliance and Privacy Hotline number is communicated as part of new employee orientation, member and provider newsletters, company bulletin boards, company intranet, company website, select vendor mailings and member publications. The hotline number is also explained in the provider manual and employee handbook.

PHN maintains confidentiality and non-retaliation policies for reports of suspected violations. Employees that participate in the Compliance Program and in good faith report potential issues, including suspected FWA, are protected from intimidation, retaliation or retribution.

Well-Publicized Disciplinary Standards

As part of the Compliance Program, PHN's Performance Management and Progressive Discipline Process policy is the foundation for disciplinary action; however, disciplinary action will take into consideration, among other things, the nature of any violation, the impact or potential impact on the company or beneficiaries, whether the violation was knowing or willful, whether the employee voluntarily reported his or her own violation, whether the employee attempted to hide or cover-up the violation, and the extent to which the employee cooperated fully in the investigation and correction of the violation.

Incidental or inadvertent non-compliance is usually addressed at the department level, may involve counseling and/or training, and is not subject to Compliance disciplinary action. Serious issues are required to be documented as incidents of non-compliance and include formal documentation of the action taken, such as counseling, written warning and/or potential suspension. Egregious or malicious non-compliance may result in termination. To ensure consistency, the disciplinary actions for non-compliance are reviewed by Human Resources and disciplinary action data is reported to the Compliance department.

Additionally, compliance is an element of the performance evaluation of all employees and is supported through the following steps:

- PHN's Standards of Conduct, policies and procedures, and regulatory requirements are included in the job descriptions for all PHN staff
- The Compliance department is committed to working with departments to identify key compliance issues in order to develop a meaningful framework with which to gauge employee compliance
- Members of all management levels are instructed to document all disciplinary actions regarding compliance violations and forward to Human Resources for placement in personnel files. All compliance-related disciplinary actions must be documented in Performance Appraisals
- Staff members are informed that anyone who violates compliance policies or regulatory requirements will be held accountable through disciplinary action up to and including termination. This standard also includes managers who fail to detect non-compliance through reasonable diligence

Effective System for Routine Monitoring, Auditing and Identification of Compliance Risks

All employees with supervisory responsibility have a duty to monitor the activities of their reports to help ensure that those activities are conducted in compliance with regulatory standards.

Department heads are responsible for implementing quality and/or internal control measures they deem necessary to help ensure their processes are in compliance. They are responsible for identifying and addressing compliance issues affecting their department in a timely manner. The Compliance department should be consulted with respect to such issues and will provide appropriate assistance to the department.

The Compliance Program promotes internal auditing and monitoring through ongoing risk assessment that incorporates requirements for the Medicare Advantage Program as indicated by CMS through regulatory guidance, including, but not limited to, the following:

- CMS Monitoring Guide elements
- Policies and procedures implemented as a result of compliance actions both internal and external
- Requests from regulatory agencies or internal operational changes
- Policies and procedures implemented as a result of the Medicare Managed Care Manual and the Medicare Prescription Drug Benefit Manual
- Implementation of new regulatory requirements
- DOI requirements and applicable sections of the state law, including new legislation

The PHN Compliance Risk Assessment is structured by operational departments and measures the risk of non-compliance in the following four categories:

- Access to Services
- Beneficiary Harm
- Impact to PHN
- External Reporting and Monitoring

Each category is scored based on impact and probability. These category scores are combined to determine the risk score for each element contained in the risk assessment. The total score is quantified into three levels: high, moderate and low. An element's risk score can be mitigated over time by implementing and testing the appropriate controls. On an annual basis, the Risk Assessment is reviewed and risk scores recalculated based on the results of the control tests. The monitoring and audit workplans are a direct result of the risk assessment and those elements that are determined to be the highest risk to PHN. Included in the workplan are elements in the areas of particular concern to CMS, including:

- Marketing and Agent/Broker Misrepresentations
- Enrollment and Disenrollment
- Credentialing
- Quality Assessment
- Appeals and Grievances
- Benefit and Formulary Administration
- Part D Transition Policy
- Utilization Management and Claims Processing
- FWA Detection
- Oversight of FDRs

Auditing and monitoring activities are performed routinely by both operational departments and the Compliance department, including auditing and monitoring of delegated entities.

- The monitoring workplan consists primarily of high-risk items. Results are documented and tracked by the reporting operational department and reported through the department hierarchy. Frequency of the review by the operational area depends on the element (e.g., call center statistics may be reviewed weekly).
 - The Compliance department reviews the elements on a regular basis, but no less than quarterly for high-risk items, semi-annually for moderate-risk items, and annually for low-risk items and documents the results.
- The audit workplan consists of high-risk items, follow-up audits on previous areas of non-compliance, or corrective action plans and elements continually reported through monitoring with no deficiencies. The audits can be announced or unannounced, use acceptable audit standards such as selection determining sample size (targeted or stratified), and can be conducted by operational departments, compliance staff or external entities. Audits conducted by

operational departments are authenticated by the Compliance department. Results are documented and tracked.

Elements or areas found to be non-compliant due to systemic, serious or egregious reasons are addressed through various compliance actions, such as notices of non-compliance, warning letters and corrective action plans. These actions may be sequential; however, any action can be taken at any time. If the issue is related to legitimate, explainable reasons, there may be no action taken or very limited action taken. Issues related to improper procedures, misunderstanding of the rules or systemic problems will result in more severe actions. Consistent non-compliance is subject to disciplinary actions. Additionally, the results are applied to the risk assessment to document the level of mitigation, if any, and to aid in the assessment of Compliance Program effectiveness.

PHN expects all FDRs to follow their own programs that reflect a commitment to compliance as defined by CMS and PHN's Compliance Program. PHN will review applicable documents that demonstrate the FDR's ability to meet the CMS requirements related to their contracted function prior to the effective date of the contract.

Contract provisions will indicate the compliance activities that PHN expects the FDR to conduct and report to PHN on a regular basis as part of PHN's monitoring, and auditing workplan. The level of activities delegated will be dependent on the FDR's structure and resources. If the FDR does not have adequate resources to implement the required activities, the FDR will be required to participate in the PHN Compliance Program and meet the necessary requirements.

Monitoring and audit elements, as defined by the PHN Risk Assessment of FDRs, may include compliance with CMS operational requirements, OIG and GSA exclusion, downstream contracts, policies and procedures, program documents, payment reports, utilization reports, and prescriber and referral pattern reports. PHN will conduct a formal audit of FDRs as appropriate, but no less than annually.

Entities that have met CMS certification requirements for FWA through enrollment in the Medicare program are deemed to have met the FWA training and education requirements. FDRs are subject to the same compliance actions and processes as indicated above and, in addition, their contracts are subject to suspension or termination for failure to meet the requirements in the contract.

The Compliance department maintains and reports the results of auditing and monitoring activities, including any compliance actions to the Compliance Committees.

On an annual basis, the effectiveness of the Compliance Program will be reviewed and audited by an external entity with the appropriate expertise to assess the CMS program requirements and provide recommendations for improvement.

Additionally, PHN cooperates in full with entities for healthcare oversight, including CMS, the OIG, Department of Health and Hospitals, MEDICs or any other entity contracted to act on behalf of the federal government.

Procedures and System for Prompt Response to Compliance Issues

PHN documents its efforts to comply with applicable federal and state regulatory requirements. This includes any written or oral requests from regulatory entities.

Upon reports or reasonable indications of suspected noncompliance and under the direction of PHN's Compliance Officer or other appropriate management, PHN will conduct a timely inquiry into the suspected misconduct. The integrity of the inquiry will be protected by measures deemed necessary, including considering the removal of subjects from their current work activity and taking steps to secure or prevent the destruction of documents or other evidence. The Compliance Officer will issue compliance actions, as appropriate, for confirmed noncompliance. PHN self-reports compliance violations to CMS or other appropriate entities, such as the MEDIC or the OIG. Inquiries resulting in a potential violation of FWA provisions will be processed under the FWA Program in the same manner.

- *Inquiry and Investigations* – Inquiries into reports of potential noncompliance are initiated within two weeks of the date the potential incident was identified. If the inquiry results appear to involve potential violations, this issue will be investigated. If the issue cannot be investigated due to lack of PHN resources, the issue will be included on the Compliance Committee agenda within 30 days of the determination that an investigation should be conducted.
- *Corrective Actions* – Corrective actions will include prompt identification of any overpayment, repayment of the overpayment, modification to policies or manuals, and imposition of proper disciplinary action, including the removal of any employees or subcontractors. Corrective actions plans must be completed and implemented within 60 days of the request for a corrective action plan and must demonstrate that the underlying issues have been addressed and the issue has been resolved, and it is not likely to happen again in the future. Follow-up audits may be conducted anytime after the implementation of the corrective action plan.
- *Reporting* – If the Compliance Officer, Compliance Committees or other management official has reason to believe that the misconduct may violate criminal, civil or administrative law, PHN will self-report and/or refer the violation promptly to CMS, the MEDIC or other appropriate authorities within two weeks. PHN will provide all evidence relevant to the alleged violation to the appropriate regulatory agencies, including the impact of the alleged violation on the operation of the applicable healthcare programs or their beneficiaries.